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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Observer Mission in Georgia

Financial performance report of the United Nations Observer Mission in Georgia for the period from 1 July 2007 to 30 June 2008 and proposed budget of the United Nations mission for the period from 1 July 2009 to 30 June 2010

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2007/08	$35,009,800
Expenditure for 2007/08	$32,777,300
Unencumbered balance for 2007/08	$2,232,500
Appropriation for 2008/09	$34,484,200
Projected expenditure for 2008/09[a]	$33,500,300
Estimated unencumbered balance for 2008/09[a]	$983,900
Proposal submitted by the Secretary-General for 2009/10	$38,838,500
Recommendation of the Advisory Committee for 2009/10	$34,484,200

[a] Estimates as at 31 January 2009.

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I. Introduction

1. **The recommendation of the Advisory Committee in paragraph 16 below entails a total reduction of $4,354,300 in the proposed budget for the United Nations mission for the period from 1 July 2009 to 30 June 2010 (see A/63/684).**

2. The general report of the Advisory Committee on the administrative and budgetary aspects of the United Nations peacekeeping operations (A/63/746) contains its views and recommendations on a number of cross-cutting issues. In the present report, the Committee deals with resources and other items that relate specifically to the mission.

3. The documents reviewed and used for background by the Advisory Committee in its consideration of the financing of the mission are listed at the end of the present report.

II. Financial performance report of the United Nations Observer Mission in Georgia for the period from 1 July 2007 to 30 June 2008

4. The General Assembly, in its resolution 61/283, appropriated an amount of $35,009,800 gross ($32,636,900 net) for the maintenance of the United Nations Observer Mission in Georgia (UNOMIG) for the period from 1 July 2007 to 30 June 2008. Expenditure for the period totalled $32,777,300 gross ($30,568,900 net).

5. The resulting unencumbered balance of $2,232,500 gross ($2,068,000 net) represents, in gross terms, 6.4 per cent of the appropriation and reflects underexpenditure of $373,700 under military and police personnel; $1,565,900 under civilian personnel; and $292,900 under operational costs.

6. The underexpenditure is attributable mainly to the following factors:

(a) **Military and police personnel**. The unspent balance ($373,700) is due mainly to the lower level of deployment of military observers (an average vacancy rate of 3 per cent against the assumption of full deployment) and police personnel (an average vacancy rate of 20 per cent against the assumption of full deployment);

(b) **Civilian personnel**. The unutilized balance ($1,565,900) is attributable primarily to the high turnover of international and national staff owing to the selection of mission staff for service in new and expanding missions and to the resignation and retirement of international and national staff and the expiration of their contracts, resulting in actual vacancy rates of 15.5 per cent for international staff (compared with the budgeted rate of 10 per cent) and 4.2 per cent for national staff (compared with the budgeted vacancy rate of 1 per cent);

(c) **Operational costs**. The unspent balance of $292,900 is due mainly to: (i) reduced requirements under air transportation resulting from a decrease in guaranteed fleet costs for fixed-wing aircraft and helicopters and a lower number of hours flown by both aircraft; and (ii) reduced requirements under communications owing mainly to the optimization of an internal satellite network and reduced requirements for spare parts owing to the adequacy of stocks.

7. The performance report of the Secretary-General (A/63/517) contains an assessment of actual performance against the planned results-based-budgeting frameworks set out in the 2007/08 budget. The Advisory Committee notes that while the mission contributed to a number of accomplishments during the reporting period by delivering related key outputs, many important substantive elements of the results-based-budgeting frameworks planned for 2007/08 were not implemented. For example, no agreements were concluded between parties on security guarantees, the return of internally displaced persons and refugees, economic cooperation or confidence-building measures. As mentioned in paragraph 12 of the report, the suspension of dialogue between the parties in July 2006 had a negative impact on the ability of the mission to complete a number of planned outputs. The Committee notes that most planned accomplishments under the support component of the results-based budgeting frameworks had been achieved.

III. Information on performance for the current period

8. The Advisory Committee was informed that as at 31 March 2009, a total of $382,251,000 had been assessed on Member States in respect of the mission since its inception. Payments received as at the same date amounted to $365,875,500, leaving an outstanding balance of $16,375,500. As at 11 May 2009, the mission had cash resources of $3.7 million (including a current loan of $2 million). The mission's available cash balance therefore will not cover the three-month operating cash reserve of $8,598,000. **The Committee reiterates its concern at the precarious financial situation of the mission.**

9. The Advisory Committee was informed that as at 31 December 2008, an amount of $177,200 was owed for contingent-owned equipment. In respect of death and disability compensation, as at 31 January 2009 $426,000 had been paid since the inception of the mission for nine claims, and no claims were pending.

10. The Advisory Committee was informed that as at 30 April 2009, the incumbency of the mission for the 2008/09 period was as follows:

Category	*Authorized*[a]	*Encumbered*	*Vacancy rate (percentage)*
Military observers	136	130	4.4
United Nations police	20	14	30
International staff	114	100	12.3
National staff	211	202	4.3
United Nations Volunteers	1	—	100

[a] Represents the highest authorized strength for the period.

11. The Advisory Committee was provided with a table on current and projected expenditures for the 2008/09 period (see annex). Expenditure for the period as at 31 January 2009 amounted to $20,603,400 against an apportionment of $34,484,200. Current and projected expenditures are estimated at $33,500,300 for the entire financial period, leaving a projected unencumbered balance of $983,900.

12. The Advisory Committee notes that the projected underexpenditure is due mainly to higher-than-budgeted vacancy rates for international staff and the discontinuation of planned flights to Istanbul, resulting in lower costs for ground handling charges and rental costs.

IV. Proposed budget for the period from 1 July 2009 to 30 June 2010

A. Mandate

13. By its resolution 1866 (2009), the Security Council decided to extend the mandate of the United Nations mission until 15 June 2009, requested the Secretary-General to report to it on the implementation of the resolution, on the situation on the ground and on the activities of the mission, including recommendations on future activities, by 15 May 2009, and expressed its intention to outline the elements of a future United Nations presence in the region by 15 June 2009, taking into account the recommendations to be contained in the report of the Secretary-General, the Geneva discussions and developments on the ground.

B. Resource requirements

14. The proposed budget for the United Nations mission for 2009/10 amounts to $38,838,500 gross ($36,295,700 net), representing an increase of $4,354,300, or 12.6 per cent, in gross terms, in comparison with the apportionment of $34,484,200 for 2008/09 (see A/63/684). The budget provides for the deployment of 136 military observers, 20 United Nations police officers, 114 international staff, 231 national staff, one temporary position and 4 United Nations Volunteer positions. The proposed staffing structure reflects the establishment of 20 national posts for security guards and 3 Volunteer positions as well as the reclassification of two posts, a P-5 post in the Conduct and Discipline Unit to the P-4 level and a P-2 post in the Procurement Office to the P-3 level.

15. The Advisory Committee notes that the mission is currently facing many challenges and uncertainties, including with regard to its mandate and concept of operations. The proposed budget was prepared on the basis of arrangements existing at the time of its drafting, including the Agreement on a Ceasefire and Separation of Forces, signed in Moscow on 14 May 1994. The Committee notes that, while the Agreement is technically no longer in force (see A/63/684, para. 7), the most recent Security Council resolution on the issue called for the provisions set out in paragraph 2 (a) of the Agreement to be respected (see Security Council resolution 1866 (2009), para. 2).

16. **Taking into account the uncertainties that the mission is currently facing, the Advisory Committee is of the view that, should the Security Council decide to extend the mandate of the mission beyond 15 June 2009, the Secretary-General should be requested to submit a revised proposed budget for the mission for the period 2009/10 reflecting the most recent decisions of the Council with respect to its mandate and operations. Pending the submission of a revised budget, the Committee recommends that the level of the budget for the mission for the period 2009/10 be maintained at the level of the**

appropriation of $34.5 million approved for the 2008/09 financial period. The Committee stresses that its recommendation in no way prejudges any position that it may take on proposed staffing and non-staffing requirements for the mission for the period 2009/10.

V. Conclusion

17. The action to be taken by the General Assembly in connection with the financing of UNOMIG for the period from 1 July 2007 to 30 June 2008 is indicated in paragraph 31 of the performance report (A/63/517). **The Advisory Committee recommends that the unencumbered balance of $2,232,500, as well as other income and adjustments in the amount of $1,327,900, be credited to Member States in a manner to be determined by the Assembly.**

18. The action to be taken by the General Assembly in connection with the financing of the United Nations mission for the period from 1 July 2009 to 30 June 2010 is indicated in paragraph 54 of the proposed budget (A/63/684). **Should the Security Council decide to extend the mandate of the mission for a period beyond 15 June 2009, pending the submission by the Secretary-General of a revised budget for the mission for the period 2009/10 reflecting such a decision, the Advisory Committee recommends a maintenance budget for the mission based on the appropriation of $34,484,200 approved for the period 2008/09, representing a reduction of $4,354,300 in the Secretary-General's proposals for the mission for the period from 1 July 2009 to 30 June 2010.**

Documentation

- Performance report on the budget of the United Nations Observer Mission in Georgia for the period from 1 July 2007 to 30 June 2008 (A/63/517)
- Budget for the United Nations Observer Mission in Georgia for the period from 1 July 2009 to 30 June 2010 (A/63/684)
- Report of the Secretary-General on the situation in Abkhazia, Georgia pursuant to Security Council resolution 1839 (2008) (S/2009/69 and Corr.1)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2006 to 30 June 2007 and proposed budget for the period from 1 July 2008 to 30 June 2009 of the United Nations Observer Mission in Georgia (A/62/781/Add.1)
- Security Council resolutions 937 (1994), 1462 (2003), 1494 (2003), 1524 (2004), 1554 (2004), 1582 (2005), 1615 (2005), 1656 (2006), 1666 (2006), 1752 (2007), 1781 (2007) and 1866 (2009)
- General Assembly resolutions 61/283 and 62/260 on the financing of the United Nations Observer Mission in Georgia

Annex

Current and projected expenditures, 1 July 2008 to 30 June 2009

		1 July 2008-31 January 2009		*Projected to 30 June 2009*				
	Apportionment (1)	*Total expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*	*Projected expenditure 1 February-30 June 2009 (4)*	*Total expenditure, including projected (5)=(2)+(4)*	*Estimated unencumbered balance as at 30 June 2009 (6)=(1)-(5)*	*Variance (percentage) (7)=(6)÷(1)*	*Reasons for variance*
Military and police personnel								
Military observers	4 018.2	2 374.1	1 644.1	1 634.0	4 008.1	—	—	
Military contingents	64.7	64.7	—	—	64.7	—	—	
United Nations police	651.0	269.7	381.3	192.4	462.1	188.9	29.0	Higher actual vacancy rate projected at 14 per cent, compared with the assumption of full deployment in the budget
Formed police units	—	—	—	—	—	—	—	
Subtotal	**4 733.9**	**2 708.5**	**2 025.4**	**1 826.4**	**4 534.9**	**199.0**	**4.2**	
Civilian personnel								
International staff	15 569.3	8 624.9	6 944.4	6 190.4	14 815.3	754.0	4.8	Higher actual vacancy rate projected at 11 per cent, compared to the 10 per cent provided for in the budget
National staff	4 235.1	2 117.6	2 117.5	2 247.3	4 364.9	(129.8)	(3.1)	Revision in the national salary scales effective 1 July 2008
United Nations Volunteers	41.6	29.9	11.7	10.5	40.4	1.2	2.9	
General temporary assistance	49.3	30.2	19.1	21.5	51.7	(2.4)	(4.9)	Revision in the national salary scales effective 1 July 2008
Subtotal	**19 895.3**	**10 802.6**	**9 092.7**	**8 469.7**	**19 272.3**	**623.0**	**3.1**	
Operational costs								
Government-provided personnel	—	—	—	—	—	—	—	
Civilian electoral observers	—	—	—	—	—	—	—	
Consultants	22.6	—	22.6	22.6	22.6	—	—	
Official travel	442.8	257.3	185.5	185.3	442.6	0.2	0.0	

		1 July 2008-31 January 2009		Projected to 30 June 2009				
	Apportionment (1)	Total expenditure (2)	Unencumbered balance (3)=(1)-(2)	Projected expenditure 1 February-30 June 2009 (4)	Total expenditure, including projected (5)=(2)+(4)	Estimated unencumbered balance as at 30 June 2009 (6)=(1)-(5)	Variance (percentage) (7)=(6)=(1)	Reasons for variance
Facilities and infrastructure	2 746.4	1 723.4	1 023.0	853.8	2 577.2	169.2	6.2	Lower number of projects implemented as a result of the fragile security situation in the Mission area
Ground transportation	1 691.9	1 697.5	(5.6)	402.0	2 099.5	(407.6)	(24.1)	Increase in the cost of fuel to $1.26 per litre compared to the budgeted cost of $0.75 per litre
Air transportation	2 317.2	1 727.6	589.6	336.0	2 063.6	253.6	10.9	Discontinuation of planned flights to Istanbul, resulting in lower costs for ground handling charges and rental costs
Naval transportation	—	—	—	—	—	—	—	
Communications	1 290.3	953.8	336.5	290.2	1 244.0	46.3	3.6	
Information technology	810.5	443.5	367.0	344.2	787.7	22.8	2.8	
Medical	55.1	74.1	(19.0)	10.4	84.5	(29.4)	(53.4)	Increased number of military and police personnel who utilize private medical services
Special equipment	2.8	—	2.8	2.8	2.8	—	—	
Other supplies, services and equipment	475.4	215.1	260.3	153.5	368.6	106.8	22.5	Lower cost of UNOMIG share of training fees and reduced requirements for freight charges due to lower quantity of goods shipped into the Mission area
Quick-impact projects	—	—	—	—	—	—	—	
Subtotal	**9 855.0**	**7 092.3**	**2 762.7**	**2 600.8**	**9 693.1**	**161.9**	**1.6**	
Gross requirements	**34 484.2**	**20 603.4**	**13 880.8**	**12 896.9**	**33 500.3**	**983.9**	**2.9**	
Staff assessment income	2 413.7	1 085.2	1 328.5	1 253.7	2 338.9	74.8	3.1	
Net requirements	**32 070.5**	**19 518.2**	**12 552.3**	**11 643.2**	**31 161.4**	**909.1**	**2.8**	
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—	
Total	**34 484.2**	**20 603.4**	**13 880.8**	**12 896.9**	**33 500.3**	**983.9**	**2.9**	